

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 7535

BILL NUMBER: HB 1599

NOTE PREPARED: Jan 24, 2007

BILL AMENDED:

SUBJECT: Role of Department of Child Services.

FIRST AUTHOR: Rep. Espich

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
☐ **FEDERAL**

IMPACT: State & Local

Summary of Legislation: Beginning in 2008: This bill (1) consolidates the county family and children's fund, children's psychiatric residential treatment services fund, county medical assistance to wards fund, and children with special health care needs county fund into a new child welfare fund; (2) limits the levy that may be imposed for the child welfare fund; (3) requires money in the child welfare fund to be deposited in the state child welfare fund; and (4) transfers responsibility for paying child welfare expenses to the state.

The bill allows the department of child services (DCS) to file a report objecting to services ordered in a dispositional decree entered by the juvenile court. The bill also allows the DCS to charge back to a county the difference, if any, in the cost between the services ordered by the juvenile court in a dispositional decree and the services recommended by the DCS in the objection to services report.

Effective Date: January 1, 2008.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: *Family and Children Trust Clearance Fund:* The bill establishes the Family and Children Trust Clearance Fund. The Department of Child Services (DCS) is required to administer the Fund as a trust fund. The balance in the Fund does not revert to the state General Fund at the end of a state fiscal year. The Fund consists of: (1) all gifts, devises, or bequests of personal property,

including income from real property, that is received and administered by the DCS: (a) to or for the benefit of a home or an institution in which dependent or neglected children are cared for under the supervision of the DCS, or (b) for the benefit of children who are committed to the care or supervision of the DCS; (2) all money, proceeds, or income realized from real property or other investments; and (3) money received and administered by the DCS to or for the benefit of a person receiving payments or services from the county office. Money in the Fund may only be expended by the DCS or the Division of Family Resources (DFR) in any manner consistent with the purpose of the Fund's creation and with the intention of the donor, or under Indiana law.

Soldiers' and Sailors' Children's Home: The bill transfers the responsibility of paying the cost of services ordered by a juvenile court from the county to the DCS for children admitted to the Home from another county who were adjudicated to be a delinquent child or child in need of services by the juvenile court in the county where the Soldiers' and Sailors' Home (Home) is located. The cost of services is to be paid from the State Child Welfare Fund (see *State Child Welfare Fund*). The county is also able to require a parent or guardian of a child, other than a parent, guardian or custodian associated with the Home, to reimburse the DCS for the cost of services paid for by the DCS. Currently, the court may order the aforementioned individuals to reimburse the County Family and Children's Fund for the cost of services.

Transfer Tuition: The bill requires the DCS to pay, from the State Child Welfare Fund (see *State Child Welfare Fund*), a public school corporation in which a child is enrolled the amount of transfer tuition required if a child is placed by a court order in an out-of-state institution or other facility and: (1) provided all educational programs and services by a public school corporation in the state where the child is placed, whether at the facility, the public school or another location, or (2) provided: onsite educational programs and services either through the facility's employees or by contract with another person or organization that is not a public school corporation, or educational programs and services by a nonpublic school.

Capital Costs: Under the bill, the DCS is required to pay for the use of the space within an institution or facility that is used to provide educational services for a child that is placed in an institution or facility in Indiana under a court order.

State Child Welfare Fund: The bill establishes the State Child Welfare Fund. The DCS is responsible for administering the Fund. The Fund consists of: (1) money transferred to the Fund from each of the county child welfare funds to reimburse the state for the costs of services ordered by a juvenile court; (2) any fees or costs paid to the state by a child's parent or guardian under a support order or reimbursement order; (3) any contributions to the Fund from individuals, corporations, foundations, or others for the purpose of providing child services; (4) any appropriations made to the Fund by the General Assembly; (5) TANF program, Medicaid program, or other grants that are received from the federal government and deposited in the Fund; and (6) any other money required by law to be deposited in the Fund.

The DCS is required to pay the following from the Fund: (a) expenses and obligations incurred by the DCS in the payment of child services for children adjudicated to be a child in need of services or delinquent child; and other related services; (b) expenses and obligations incurred by the DCS in the payment of children's psychiatric residential treatment services for children who are residents of Indiana; (c) medical care, including psychiatric care and institutional psychiatric care, for ward of the DCS; (d) services to children with special health care needs; (e) any other expenditures for services or a procurement contract; (f) any expense of the type that was payable before January 1, 2009 from a county family and children's fund, county children's psychiatric residential treatment services fund, the Children with Special Health Care Needs State Fund or the State Medical Assistance to Wards Fund; (g) and any other expense or obligation that is required

to be paid from the Fund by law. The DCS is allowed to use money in the Fund to settle the relative obligations of a county and the DCS for services provided before January 1, 2008. Money in the Fund does not revert to the state General Fund at the end of a state fiscal year.

State expenses would increase by the amount of the property tax levy reduction. The gross reduction, as explained in *Explanation of Local Revenues*, is estimated at \$30.4 M in FY 2008, \$67.7 M in FY 2009, and \$82.1 M in FY 2010. Subject to appropriation, expenses for PRTC and homestead credits would be reduced because of the levy reduction. **The net state expenditure increase is estimated at \$27.7 M in FY 2008 (partial year), \$60.5 M in FY 2009, and \$73.3 M in FY 2010.**

Objection to Services Reports: The bill allows the DCS to file an objection to services report (Report) with a juvenile court after the date of a dispositional decree. To do so, the DCS is required to, not more than five days after the date of a dispositional decree, notify the juvenile court of the DCS' intent to file a Report, and subsequently is required to file the Report not more than five days after the notification is filed. Under the bill, the DCS Report is required to provide the juvenile court: the reason the DCS recommends different services than those ordered in the dispositional decree, and the difference in cost between the services recommended in the Report and the services ordered in the dispositional decree.

If a Report is filed, the DCS may charge back to the county the difference in cost between the services recommended in the Report and the services ordered in the dispositional decree. As proposed, the county would be responsible for reimbursing the DCS from the county child welfare fund for the cost of the charged back services.

Reimbursement from a Parent/Guardian to the DCS for Services: Under the bill, the juvenile court may order a parent or guardian in certain circumstances to reimburse the DCS for the cost of services provided to a child or their parent or guardian. In addition, the court is required to order an existing or non-existing child support payment to be assigned to the DCS for the duration of time in which a child is placed through the DCS in an out-of-home placement.

Legislative Services Agency: The bill requires the Legislative Services Agency (LSA) to prepare legislation for introduction in the 2008 regular session of the General Assembly to correct statutes affected by the bill. The LSA should be able to do so within its existing level of resources.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: *Child Welfare Fund:* The bill establishes a Child Welfare Fund in each county. Under the bill, the county is required to levy a separate tax levy, the County Child Welfare Property Tax Levy, for the Fund that is in addition to all other tax levies authorized by the county and shall be levied annually by the county fiscal body on all taxable property in the county. The levy is to be collected as other state and county property taxes are collected. The Fund consists of all receipts from the County Child Welfare Property Tax Levy and the: financial institutions tax, motor vehicle excise taxes, commercial vehicle excise tax, boat excise tax, and aircraft excise tax, revenue that is distributed to the county as a result of the county's share of property taxes imposed for the Fund. The Fund is available for the purposes of making a distribution to the state to reduce the obligation of the county to pay for expenditures for child services and any other obligations that were incurred before January 1, 2008 and payable from the Fund at the time they were incurred. Money in the Fund does not revert to the county General Fund at the end of a budget year.

The county child welfare property tax levy would equal:

1. The average of the 2003 - 2006 payments from property taxes for child services and administration from the county family and children's fund, with each year adjusted for inflation to 2007; PLUS
2. The cost of services in the previous year ordered by a juvenile court and charged to the county; PLUS
3. The average of the 2005 and 2006 payments from property taxes from the county children's psychiatric residential treatment fund, with each year adjusted for inflation to 2007; PLUS
4. The 2007 property tax levies for the county medical assistance to wards fund and the children with special health care needs fund.

Under current law, the gross levies for the affected funds is estimated at \$443.0M in CY 2008, \$464.8 M in CY 2009, and \$487.6 M in CY 2010. The gross levy reduction under this bill is estimated at \$60.7 M in CY 2008, \$74.8 M in CY 2009, and \$89.5 M in CY 2010. Subject to state appropriation, expenses for PRTC and homestead credits would be reduced because of the levy reduction. **The net levy reduction is estimated at \$54.1 M in CY 2008, \$66.6 M in CY 2009, and \$79.7 M in CY 2010.**

State Agencies Affected: Department of Child Services; Legislative Services Agency; Department of Local Government Finance.

Local Agencies Affected: Counties.

Information Sources: Local Government Database, Department of Child Services.

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